Cotton Contracts

1944 **File No.** 44

Legal Department

B **BRANCH**

Subject:— Rules and Notifications under the Bombay Cotton Contracts Act, 1932

E

02

1944

File No. Cotton Contracts II/44

Gen. 194 b.

23-B

I do not agree that no by- law can be made requiring a member to comply with any order etc. issued by Government, whether Provincial or Central, or any notice issued by the Board in regard to trading in cotton etc. Section 6(2)(h) of the Bombay Cotton Contracts Act, 1932 (Bom. IV of 1932), gives power to the Board to make byelaws regulating the making of contracts, and, section 6(2)(a) gives power to make byelaws to provide for the admission of various classes of members..... ..... and the exclusion, suspension, expulsion and re-admission of such members, and in any case section 6(1) gives power to the Board to make by-laws for the regulation and control of transactions in cotton generally. Such a by-laws would, therefore, be covered by section 6. But on an examination of the various clauses (a) to (i) of by-law 17, it appears that there would be no legal objection to include the proposed provision in by-law 17(d) it self as proposed by the Association, as covered by S.6(2)(a) and 6(2) 6(1) ?

2. I do not also agree that no provision can be made in by - law 51-A for forfeiture of deposit. Section 6(2)(e) gives power to the Board to make by-laws providing for disciplinary measures against members of a recongnised cotton association including penalties. Also section 6(1) gives general power to make by-laws for the regulation and control of transactions in cotton. It is therefore open to the Association to provide for the making of a deposit and its forfeiture in certain contingencies. Also, the forfeiture of the deposit proposed in the amendment of by-law 51-A is not really forfeiture, but is in the nature of earmarking the deposit towards repayment of the debt to other members to whom the member the deposit is indebted in respect of cotton transactions. There is no objection, therefore, to the provision with regard to the forfeiture of the deposit.

We may reply that the draft notification at pages 28-29, as formerly amended, is in order.

Sd/- 29/12.

D.S. I agree. Reply may be as proposed at A.

Sd/- 30/12. R.L.A. Sd/ 31/12

4 Cs.
M.V.V.
16/7

Office of the R.L.A.

The draft notification at pages 28–29, as formally amended, is in order.

Sd/- P.N.H.
31/12.

Remembrancer of Legal Affairs.

U.R. to F.D. No. 3 dated 3rd Jan 1944.

4-Cs.
H.V.V.
16/7.